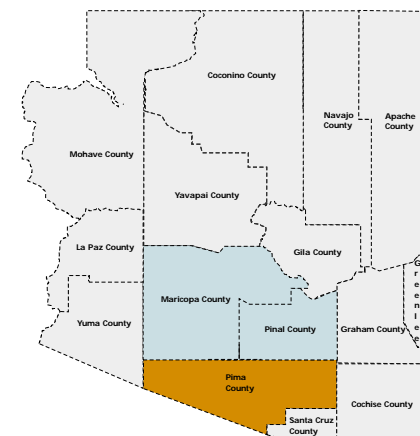


## State Economy Continues to Chug Along

*Despite Moderate Slowing,  
164,000 Additional Jobs  
Expected Over 2-Year Period*

Arizona's economy is expected to continue growing throughout the two-year forecast period of 2000-2001. The Arizona Department of Economic Security, Research Administration expects the state's economy to add roughly 164,000 jobs over the next two years. This translates into projected annual growth of 3.9 percent in 2000 and 3.6 percent in 2001. Notably, this follows growth of 4.1 percent in '99 and 4.5 percent in '98, and continues a moderated pattern of slowing from the '94 peak growth of 6.8 percent. Still, Arizona's nonfarm payroll employment is expected to grow between two and three times the national pace.



**Major Arizona Subregions**

- Phoenix-Mesa MSA (Maricopa and Pinal counties)
- Tucson MSA (Pima County)
- Balance of State (Nonmetropolitan counties)

The national forecasting group WEFA expects the U.S. economy will add payroll jobs at an annual pace of 1.7 percent in 2000 and 1.2 percent in 2001. This translates into 3.73 million jobs over the next two years. This,

too, represents a slight slowing trend, with national growth of 2.6 percent in '98 and 2.2 percent in '99.

Research Administration (RA) predicts the Phoenix-Mesa Metro Area (MA) will add slightly more than

### IN THIS ISSUE

Volume 24 No. 1

	Page
RA Projects Moderate Slowdown in Job Growth .....	1
Industry Update .....	9

### Fast Forecast Facts

Number of Net New Jobs Projected	—	164,000
Major Industry with Fastest Growth	—	Services (11.3%)
Major Industry with Slowest Growth	—	Mining (-10.5%)
Major Industries That are Expected to Have Greater Share of New Jobs During Forecast Period Than Their Share of Overall Jobs in 1999	—	Services (46.3% vs. 31.5%), TCPU (5.6% vs. 5.0%)
Substate Area Forecast to Grow Fastest	—	Phoenix-Mesa MA (8.4%)

## 2000-2001 NONFARM PAYROLL EMPLOYMENT FORECAST

128,000 nonfarm payroll jobs over the same period. Meanwhile, payroll employment in the Tucson MA is expected to grow by 19,400, while Balance of State (all Arizona counties except Maricopa, Pima, and Pinal) is forecast to add 16,700 jobs.

Arizona's mining industry is expected to show continued losses throughout the forecast period.

*Source for all figures and tables is Arizona Dept. of Economic Security, Research Administration, March 2000*

Despite rising copper prices in recent months to more comfortable levels (low 80-cents to upper 70-cents per pound), RA projects mining job losses in the state will total 1,200 over the two-year period. Mining is the only major Arizona industry group projected to have job losses over the 2000-'01 period.

Arizona's construction employment will continue growing, though much more slowly than in recent years. After construction job growth peaked at more than 20 percent in 1994, employment growth gradually slowed until 1998 when it experienced an upturn, then slowed again in '99.

RA is convinced that the successive interest rate hikes imposed by the Federal Reserve will exert downward economic pressures on the construction industry across the nation, including Arizona. In effect, with average mortgage rates now exceeding 8.25 percent, financing a home has become more expensive than just one year ago. Furthermore, in his periodic reports to Congress, Fed Chairman Alan Greenspan has repeatedly suggested higher rates are likely — in an effort to thwart inflation — if previous monetary policy actions are unsuccessful at slowing the economy. If rate hikes occur, this is expected to slow job growth over the forecast period.

Figure 1

Major Industry Share of 1999 Nonfarm Payroll Employment (Top) and Major Industry Share of Projected Two-Year Nonfarm Employment Growth (Bottom)

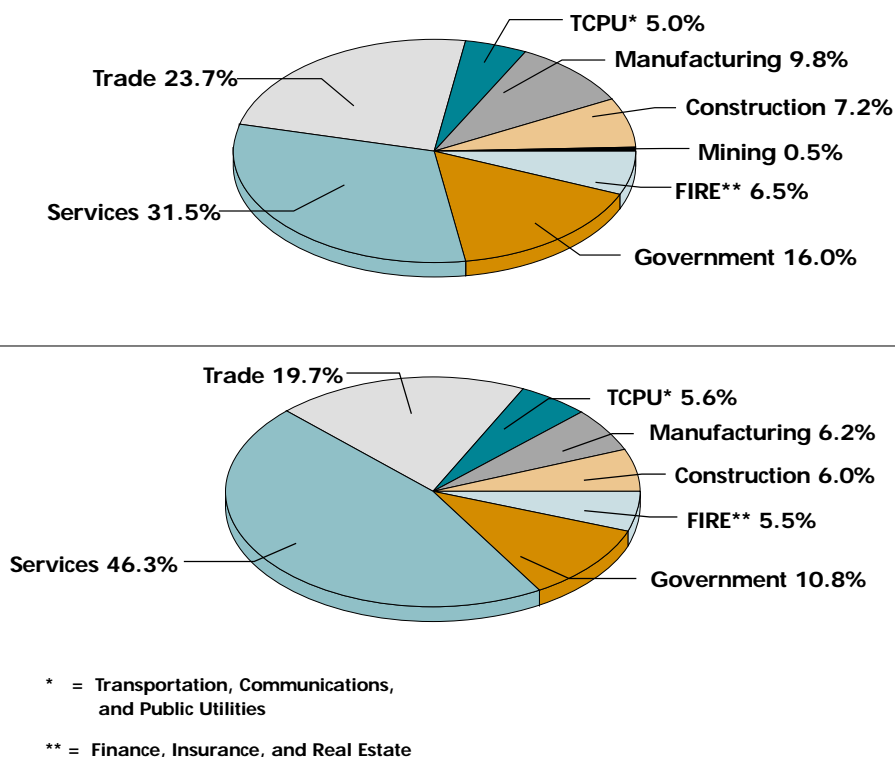
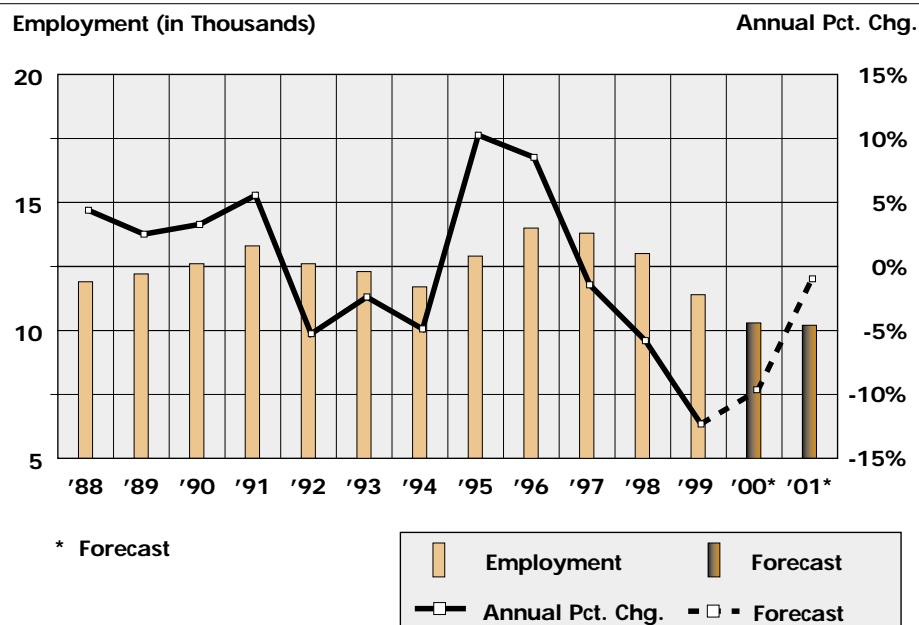


Figure 2

Arizona Mining Employment and Annual Percentage Change, 1988-1999 (Actual) and 2000-2001 (Forecast)



Nevertheless, RA predicts construction employment will grow at 2.4 percent in 2001 and the state will add nearly 10,000 construction jobs during the 2000-'01 period.

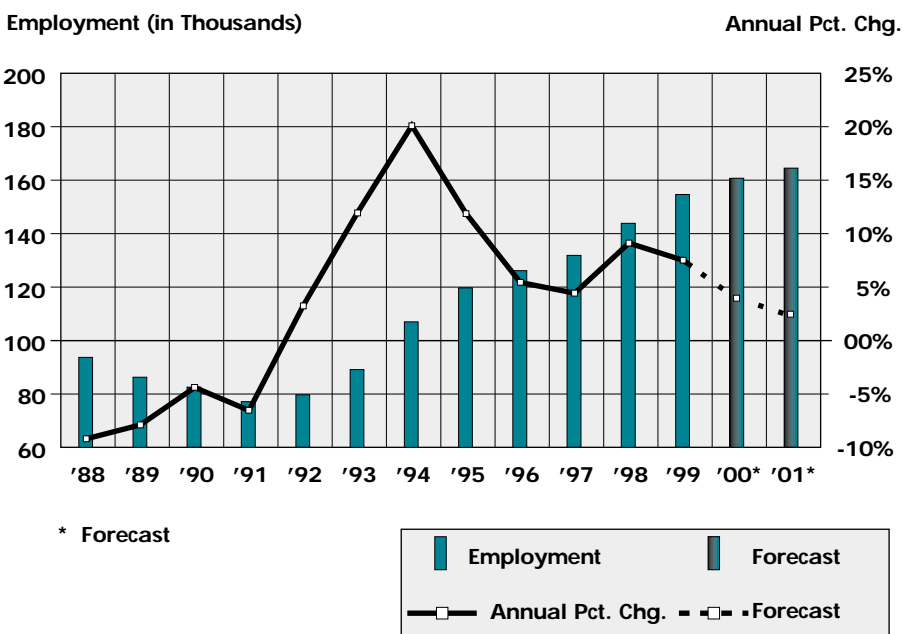
Along with construction, Arizona's finance, insurance, and real estate (FIRE) group has sustained remarkable growth since '95. After reaching a peak rate of 9 percent in '97, the industry slowed to 3 percent in '99. Financial activity will likely slow as the cost of financing increases with rising interest rates. RA expects FIRE will show job growth of 2.9 percent in 2000 and 3.6 percent in 2001. This translates into slightly better than 9,000 jobs over the two-year period.

Arizona's trade and services industries are also predicted to continue growing at very respectable rates, as each are highly influenced by optimism and the increased wealth effect of an expanding economy. Notably, both industries showed growth above the national rates throughout the '90s. RA's forecast shows the state's economy will create 32,600 trade jobs in the 2000-'01 period, while services is expected to add 76,500 jobs.

The transportation, communications, and public utilities (TCPU) group is an industry to watch. Transportation industries have felt the pressure of increased fuel prices, although increased production quotas announced by OPEC countries in late March will likely moderate costs. Meanwhile, the communications industry has been fueled by demands of the Internet to innovate and expand infrastructure (while abandoning or collapsing the old) and provide services to a "connected" world. Most of this pressure comes from business-to-business connections, with consumer markets a much smaller portion. Then there is the public utilities sector, currently being deregulated. While several private companies are scurrying to provide energy to various regions, the market will eventually be redefined as

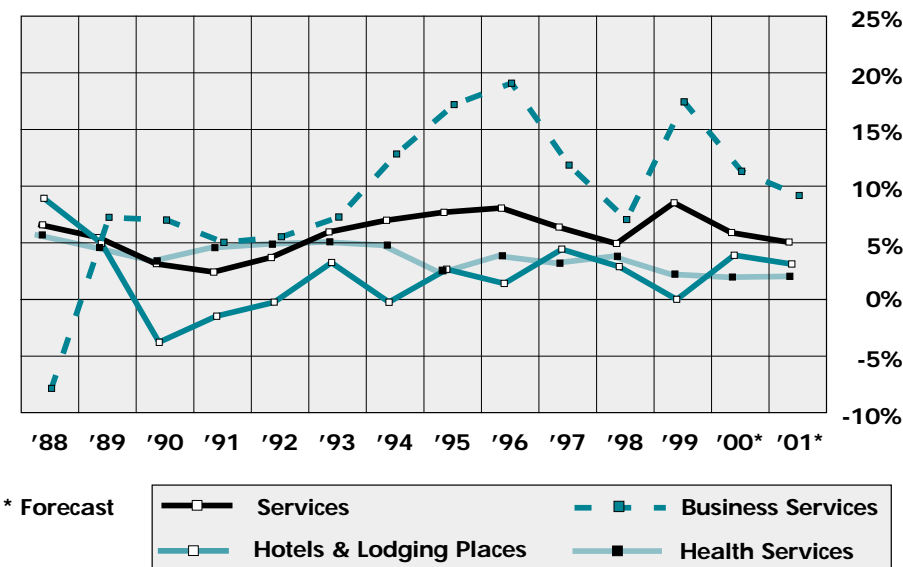
**Figure 3**

**Arizona Construction Employment and Annual Percentage Change, 1988-1999 (Actual) and 2000-2001 (Forecast)**



**Figure 4**

**Annual Percentage Change in Arizona Total Services, Business Services, Hotels & Lodging Places, and Health Services, 1988-1999 (Actual) and 2000-2001 (Forecast)**



## 2000-2001 NONFARM PAYROLL EMPLOYMENT FORECAST

new companies vie for market share while meeting consumer needs.

RA expects the TCPU group to grow by more than 9,000 jobs over the forecast period, with employment growth rates generally in the low 4 percent range. TCPU averaged growth of 2.7 percent in '99.

Arizona's manufacturing industry had a rather strong run of growth between 1993 and 1998. Average growth rates ranged between a low of 1.9 percent in 1993 and a high of 5.6 percent in 1994. However, benchmarked data for the industry showed an employment loss of 2.1 percent in 1999. Much of this was due to the Asian economic crisis in mid-'97, which eventually affected businesses and jobs in Arizona. Still, another contributing factor explains the "appearance" of job losses in this industry. The benchmarking process can involve the reassignment, or movement, of companies (and thereby their respective employment) to another industry simply because they have evolved to produce, for example, services rather than a manufactured product. Also, as employment leasing and temp agencies increased in importance throughout the '90s, many jobs were counted in the services industry (partly explaining the double-digit growth of business services), even though employees were actually working in a manufacturing company. So, some of these manufacturing jobs may not necessarily be "lost," but rather have moved or been accounted for in another industry of the economy.

Nevertheless, Arizona's economy is expected to add manufacturing jobs at annual growth rates in the low-2 percent range during the forecast period. This translates into more than 10,000 additional jobs. Employment growth is expected in both durable- and nondurable-goods manufacturing sectors.

Government jobs are predicted to grow in the mid-2 percent range over the forecast period. While strong

**Table 1**

**Arizona Nonfarm Payroll Employment and Annual Percentage Change, 1999 (Actual) and 2000-2001 (Forecast)**

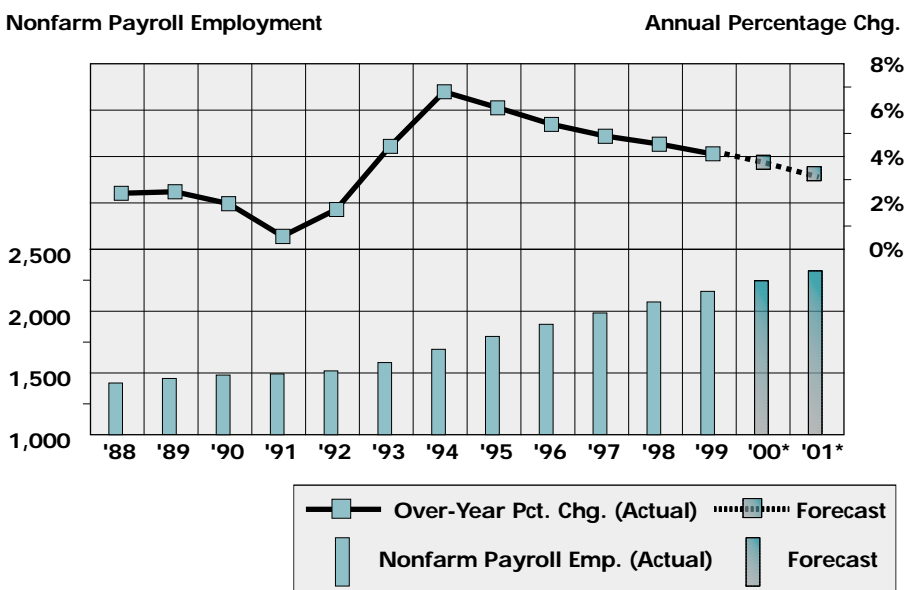
(Annual Averages, in Thousands)

	1999	Pct. Change	2000	Pct. Change	2001	Pct. Change
<b>Nonfarm Payroll<sup>(a)</sup></b>	<b>2,160.1</b>	<b>4.1%</b>	<b>2,244.0</b>	<b>3.9%</b>	<b>2,324.3</b>	<b>3.6%</b>
<b>Goods-Producing</b>	<b>377.3</b>	<b>1.2</b>	<b>387.5</b>	<b>2.7</b>	<b>396.2</b>	<b>2.2</b>
Manufacturing	211.3	-2.1	216.5	2.5	221.5	2.3
Mining	11.4	-11.8	10.3	-10.4	10.2	-0.6
Construction	154.6	7.5	160.7	4.0	164.5	2.4
<b>Service-Producing</b>	<b>1,782.9</b>	<b>4.8</b>	<b>1,856.5</b>	<b>4.1</b>	<b>1,928.2</b>	<b>3.9</b>
TCPU <sup>(b)</sup>	107.7	2.7	112.3	4.3	116.9	4.1
Trade	511.3	2.7	526.9	3.0	543.9	3.2
FIRE <sup>(c)</sup>	139.7	3.0	143.7	2.9	148.8	3.6
Services	679.5	8.5	719.6	5.9	756.0	5.1
Government	344.7	2.1	354.0	2.7	362.6	2.4

**Notes:** a) Totals may not add up exactly due to rounding  
 b) Transportation, Communications, and Public Utilities  
 c) Finance, Insurance, and Real Estate

**Figure 5**

**Arizona Nonfarm Payroll Employment and Annual Percentage Change, 1988-1999 (Actual) and 2000-2001 (Forecast)**



## 2000-2001 NONFARM PAYROLL EMPLOYMENT FORECAST

population growth continues to put pressure on education and other government sectors, demand for streamlined budgets will somewhat restrain employment growth.

The state's economy has clearly gone through a robust cycle the past decade, as Arizona ranked among the top five states for rate of job growth for much of the 1990s. But RA expects employment growth to moderate as we enter the new millennium, with an average growth rate in the upper-3 percent range during the forecast period. There will be, however, certain industry sectors within Arizona's economy (e.g., services, trades) that are expected to remain vibrant.

### Phoenix-Mesa MA

Nonfarm payroll employment in the Phoenix-Mesa metropolitan statistical area (Maricopa and Pinal counties combined) is expected to show average nonfarm payroll growth of 4.1 percent per year during the forecast period. This represents a projected gain of 128,100 jobs, with the majority of this growth expected in the services and trade industries.

Following are other highlights.

- Mining employment is expected to continue to decline over the two-year period. Currently this industry employs roughly 4,200 workers, but a reduction of 1,300 jobs is projected over the forecast period. RA expects to see most of this loss take place in 2000, with employment remaining fairly steady in 2001.
- Construction jobs are expected to increase by more than 7,200 over the forecast period. In 1998, the annual growth rate for this industry was 10.8 percent. Growth slowed to 7.5 percent in 1999, and RA projects that growth will continue to slow over the forecast period, with more than half of the projected new jobs expected to occur in 2000. Most of the job creation will occur within special

**Table 2**

**Phoenix-Mesa MA Nonfarm Payroll Employment and Annual Percentage Change, 1999 (Actual) and 2000-2001 (Forecast)**

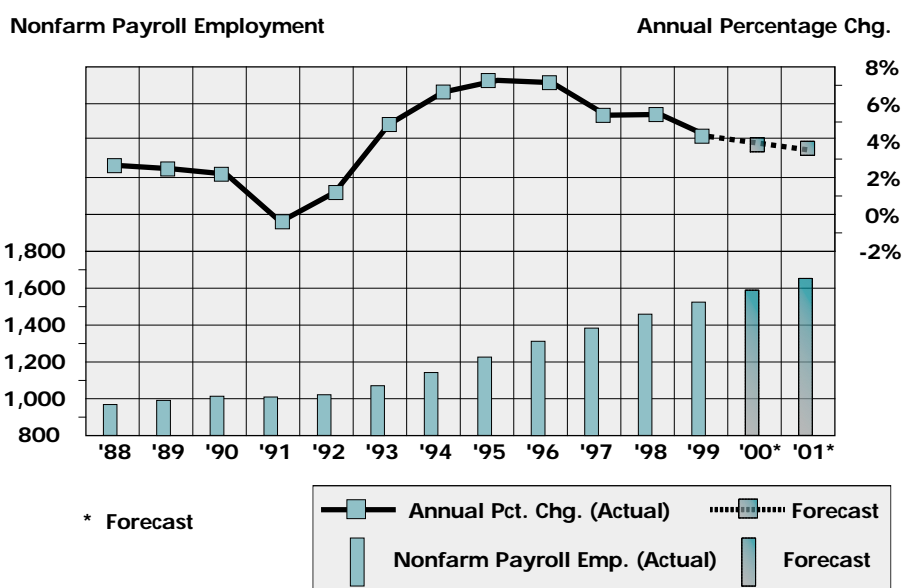
(Annual Averages, in Thousands)

	1999	Pct. Change	2000	Pct. Change	2001	Pct. Change
<b>Nonfarm Payroll<sup>(a)</sup></b>	<b>1,524.5</b>	<b>4.6%</b>	<b>1,589.0</b>	<b>4.2%</b>	<b>1,652.6</b>	<b>4.0%</b>
<b>Goods-Producing</b>	<b>282.4</b>	<b>0.6</b>	<b>289.9</b>	<b>2.7</b>	<b>296.6</b>	<b>2.3</b>
Manufacturing	164.8	-2.8	169.0	2.5	173.1	2.4
Mining	4.2	-25.3	3.0	-28.4	2.9	-4.2
Construction	113.4	7.5	117.9	4.0	120.6	2.3
<b>Service-Producing</b>	<b>1,242.3</b>	<b>5.9</b>	<b>1,299.2</b>	<b>4.6</b>	<b>1,356.1</b>	<b>4.4</b>
TCPU <sup>(b)</sup>	82.7	7.0	86.6	4.8	90.4	4.4
Trade	365.0	3.2	377.1	3.3	390.4	3.5
FIRE <sup>(c)</sup>	118.8	4.2	122.5	3.1	127.3	4.0
Services	493.9	9.0	525.5	6.4	555.4	5.7
Government	181.9	3.7	187.5	3.1	192.6	2.7

**Notes:** a) Totals may not add exactly due to rounding  
 b) Transportation, Communications, and Public Utilities  
 c) Finance, Insurance, and Real Estate

**Figure 6**

**Phoenix-Mesa MA Nonfarm Payroll Employment and Annual Percentage Change, 1988-1999 (Actual) and 2000-2001 (Forecast)**



trades, with some employment declines expected in general building construction and heavy construction (street and highway). Nevertheless, the construction industry is expected to largely support infrastructure-related projects, along with housing remodeling and reconstruction activity.

- Manufacturing employment is expected to expand over the period. Increasing at an average annual rate of 2.5 percent, employment is expected to reach an average level of more than 173,000 in 2001. Gains are expected primarily in durable-goods manufacturing, although some growth is also expected in non-durable-goods sectors. Growth in durable goods is expected to come from the measurement, aircraft, and electric machinery sectors.
- Transportation, communications, and public utilities (TCPU) employment is expected to grow at an average annual rate of 4.6 percent in 2000 and 2001, reaching a base of nearly 90,400 by the end the period. Most of the growth is expected in transportation, which RA forecasts to add almost 5,200 jobs. Transportation has been growing steadily for more than two decades. Communications and public utilities employment is expected to increase by nearly 2,600. Deregulation is currently changing the economic landscape of the utilities sector. Meanwhile, in the communications sector technological innovation is spurring all sorts of change in infrastructure and products, with many varied new business-to-business and consumer services. Due to population and business growth, the Phoenix-Mesa MA is serving as an attractive and strategic location for companies in each of these industries.
- Trade is expected to add more

*Services employment in the Tucson MA is expected to increase by nearly 9,500. This represents an average-annual growth rate of 4.1 percent and nearly 50 percent of the total nonfarm employment gain projected for the Tucson MA.*

than 25,400 jobs in 2000 and 2001, representing almost 20 percent of the total nonfarm employment gain projected for the Phoenix-Mesa MA. More than 20,500 of the jobs gained will be in retail trade. Given this increase, RA projects total trade employment to average more than 390,400 and retail employment to average nearly 297,400 by the end of the period. Although all major areas of retail trade are expected to see continued growth, much of the projected job growth is expected to come from eating and drinking places, followed by building and gardening stores.

- Although finance, insurance, and real estate (FIRE) employment is expected to grow at an annual average rate of 3.5 percent during the forecast period, all of the growth will occur within the finance sector. Insurance employment is expected to remain at its current level.
- Among all major industry groups, services is expected to see the greatest employment increase over the period, adding nearly 61,500 jobs. This represents an average-annual growth rate of 6 percent and just under half of the

total nonfarm employment gain projected for the Phoenix-Mesa MA. Growth is projected for all major services sectors. Business services is expected to experience by far the largest increase in employment, as it has throughout the '90s, adding a projected 37,600 jobs to reach an average of more than 209,700 in 2001. Substantial growth is also expected in professional services, educational services, hotels and other lodging places, and recreation and amusement services.

- Government employment is expected to increase by roughly 2.9 percent each year. Job gains are projected to total almost 10,700, with nearly all jobs being created at the state and local level. Not surprisingly, much of this growth is expected to occur in education.

### Tucson MA

Nonfarm payroll employment in Tucson is expected to grow at an annual rate of 2.9 percent over the forecast period, representing a gain of nearly 19,600 jobs. The majority of this job growth is projected to occur in the services and trade industries. Significant growth is also expected in government employment.

Following are the major highlights of RA's Tucson job forecast.

- Mining employment is expected to remain around 1,900 in 2000 and 2001.
- Construction employment is expected to increase almost 1,300 over the period, representing an average annual increase of 2.9 percent. Most jobs will be created in special trades, with slight growth also expected in general building construction. Heavy construction (street and highway) is expected to remain at its current level.
- Manufacturing employment is expected to continue growing over the period, increasing at an average



## 2000-2001 NONFARM PAYROLL EMPLOYMENT FORECAST

annual rate of 2.4 percent to reach an average of more than 31,900 in 2001. This represents 7.6 percent of the total nonfarm job growth expected for the Tucson MA. Gains will be seen primarily in durable-goods sectors, although some growth is also expected in nondurable goods. Growth in durable goods will be driven by the aircraft sector. Job growth is also expected in measurement, and primary and fabricated metals. Aggregates and nonelectric machinery are expected to see continued job reductions. Growth in nondurable goods will be driven by the printing sector.

- Transportation, communications, and public utilities (TCPU) employment is expected to grow at an average annual rate of 2.1 percent in 2000 and 2001, reaching an average of more than 12,500 by the end the forecast period. RA projects this growth will occur almost entirely within transportation, which is expected to add more than 500 jobs. Transportation employment has been growing steadily for more than two decades. Communications and public utilities employment is projected to remain at roughly its current level.
- Trade is expected to add almost 3,300 jobs over the period, representing nearly 17 percent of the total nonfarm employment gain projected for the Tucson MA. The gain would result in total trade employment of 74,000 by 2001. Just under 3,000 of the new jobs will be in retail trade, bringing retail employment to 63,000 by the end of the forecast period. All major areas of retail trade are expected to see continued growth, with eating and drinking places expected to add 1,000 jobs.
- Finance, insurance, and real estate (FIRE) employment is expected to grow at an annual rate of 1.9 percent over the forecast period, or

**Table 3**

**Tucson MA Nonfarm Payroll Employment and Annual Percentage Change, 1999 (Actual) and 2000-2001 (Forecast)**

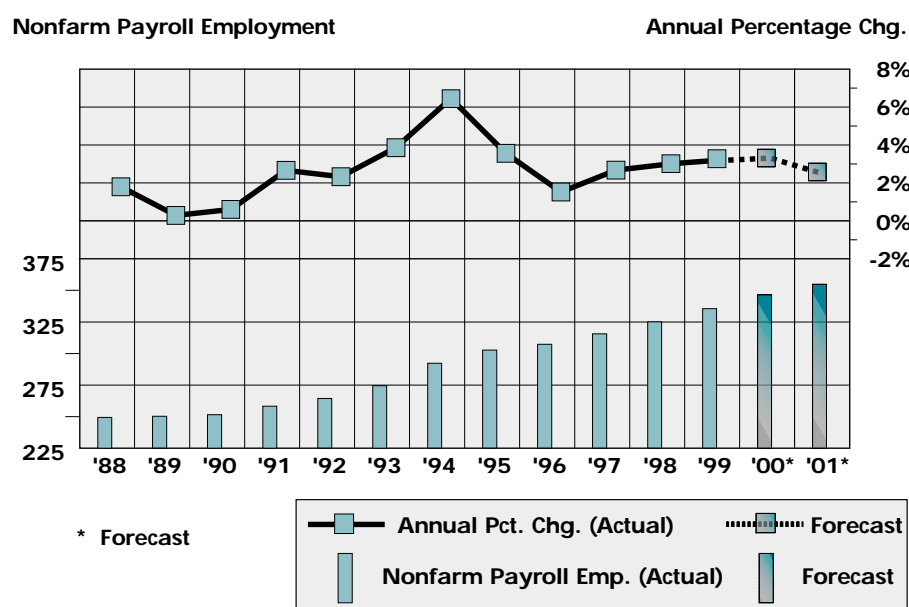
(Annual Averages, in Thousands)

	1999	Pct. Change	2000	Pct. Change	2001	Pct. Change
<b>Wage and Salary<sup>(a)</sup></b>	<b>335.4</b>	<b>3.2%</b>	<b>346.5</b>	<b>3.3%</b>	<b>354.8</b>	<b>2.4%</b>
<b>Goods-Producing</b>	<b>53.9</b>	<b>5.7</b>	<b>55.6</b>	<b>3.2</b>	<b>56.6</b>	<b>1.8</b>
Manufacturing	30.4	4.7	31.3	2.9	31.9	1.9
Mining	1.9	-10.4	1.9	-2.4	1.9	-0.6
Construction	21.6	9.0	22.4	4.0	22.8	1.9
<b>Service-Producing</b>	<b>281.6</b>	<b>2.8</b>	<b>291.0</b>	<b>3.3</b>	<b>298.2</b>	<b>2.5</b>
TCPU <sup>(b)</sup>	12.0	-10.6	12.2	1.3	12.5	2.8
Trade	70.8	1.4	72.6	2.6	74.0	1.9
FIRE <sup>(c)</sup>	13.1	0.6	13.4	2.7	13.6	1.5
Services	112.9	6.7	118.4	4.9	122.3	3.3
Government	72.8	1.6	74.4	2.2	75.8	2.0

**Notes:** a) Totals may not add up exactly due to rounding  
b) Transportation, Communications, and Public Utilities  
c) Finance, Insurance, and Real Estate

**Figure 7**

**Tucson MA Nonfarm Payroll Employment and Annual Percentage Change, 1988-1999 (Actual) and 2000-2001 (Forecast)**



## 2000-2001 NONFARM PAYROLL EMPLOYMENT FORECAST

increase by roughly 500 jobs. RA projects growth in both the insurance and finance industries.

- Services employment is expected to see the greatest growth among major industry groups over the period, increasing by nearly 9,500. This represents an average-annual growth rate of 4.1 percent and nearly 50 percent of the total nonfarm employment gain projected for the Tucson MA. Growth is projected for all major services sectors, except legal and professional services, for which employment is expected to decrease slightly. Business services is expected to experience by far the largest increase in employment, adding a projected 6,200 jobs to reach an average of more than 34,100 in 2001. Hotels and other lodging places, and recreation and amusement services are expected to show substantial gains as well.
- Government employment is expected to increase by roughly 2.1 percent each year over the period. Job gains are projected to total almost 3,100, with nearly all jobs being created at the state and local level. As expected, much of this growth is projected to occur in education.

### Balance of State

Nonfarm payroll employment in nonmetro counties in Arizona is expected to grow at 2.7 percent per annum in 2000 and 2001. This represents a gain of nearly 16,700 jobs over the forecast period, with the majority of the growth projected to occur in the services and trade industries. Significant growth is also expected in government employment, which includes jobs held on Indian reservations.

Among other highlights for Balance of State are as follows.

- Mining employment is expected to remain steady over the period,

(continued on page 11)

Table 4

Balance of State Nonfarm Payroll Employment and Annual Percentage Change, 1999 (Actual) and 2000-2001 (Forecast)

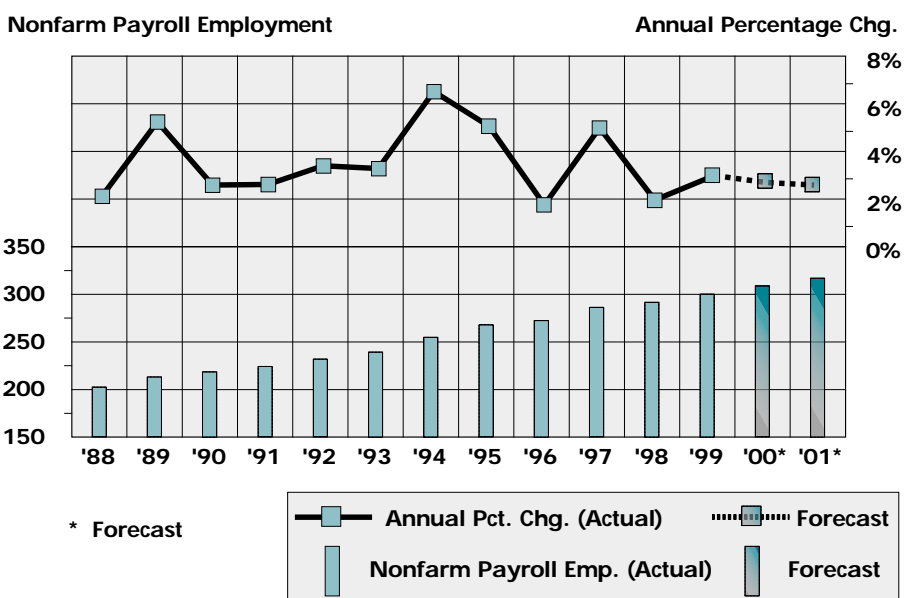
(Annual Averages, in Thousands)

	1999	Pct. Change	2000	Pct. Change	2001	Pct. Change
<b>Wage and Salary<sup>(a)</sup></b>	<b>300.2</b>	<b>2.9%</b>	<b>308.5</b>	<b>2.8%</b>	<b>316.9</b>	<b>2.7%</b>
<b>Goods-Producing</b>	<b>41.2</b>	<b>0.2</b>	<b>42.2</b>	<b>2.4</b>	<b>43.1</b>	<b>2.1</b>
Manufacturing	16.2	-7.0	16.3	0.8	16.5	1.5
Mining	5.4	2.1	5.4	0.8	5.5	1.4
Construction	19.6	5.9	20.5	4.3	21.1	3.1
<b>Service-Producing</b>	<b>259.1</b>	<b>1.7</b>	<b>266.3</b>	<b>2.8</b>	<b>273.8</b>	<b>2.8</b>
TCPU <sup>(b)</sup>	13.0	-8.1	13.5	3.6	14.0	3.8
Trade	75.6	1.3	77.2	2.1	79.5	2.9
FIRE <sup>(c)</sup>	7.8	-9.6	7.8	-0.4	7.9	1.2
Services	72.7	8.5	75.7	4.1	78.3	3.5
Government	90.0	-0.5	92.1	2.3	94.1	2.2

**Notes:** a) Totals may not add up exactly due to rounding  
 b) Transportation, Communications, and Public Utilities  
 c) Finance, Insurance, and Real Estate

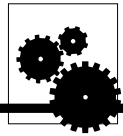
Figure 8

Balance of State Nonfarm Payroll Employment and Annual Percentage Change, 1988-1999 (Actual) and 2000-2001 (Forecast)





# Industry Update



## Phoenix Metro Area

### *Manufacturing*

A developer of **airbags for commercial airplanes** expects to **hire 250 to 300 employees** over the next five years for a manufacturing operation **east of Williams Gateway Airport in Mesa**. Based in Phoenix, **AMSAFE Inc.** will initially build a 30,000-square-foot manufacturing building and a 10,000-square-foot testing facility on 36 acres at Williams Field and Mountain roads to house its **Inflatable Restraints division**. The division, which currently employs 24 workers in two buildings at Williams Gateway Airport, expects the first phase of construction to be completed by 2001.

**Maxwell Productions, LLC**, expects to open an 85,000-square-foot **DVD manufacturing and warehouse facility** at Scottsdale's Perimeter Center (8521 E. Princess Drive) in July. A DVD (digital versatile disc) looks like a CD, but it stores 10 times as much information. Maxwell, which will imprint software, music and movies on DVD's, expects to **employ up to 200 people within a year** after opening.

Work is "taking off," literally, at Gilbert-based **Spectrum Astro Inc.** The satellite manufacturer **expects to add 500 to 700 engineers and technicians** to its current workforce of 300 **over the next five years** if it secures a multi-billion dollar contract to build a U.S. missile defense system. Spectrum Astro is in good position to win the contract, which will be awarded in 2002, since it has a three-year, \$275 million contract to prepare a study for building the system. The company's 232,000-square-foot campus at Elliot and McQueen roads has sufficient space to build 20 satellites at one time.

After several years of financial difficulty, Tempe-based **Iridium North America** announced it will **shut down operations**, forcing the **elimination of 400 jobs**. First developed by Motorola Inc. and other investors in the mid-1990s, the global wireless telephone service supported by 66 satellites had a hard time "getting off the ground" because of the high cost of its service. Motorola is attempting to find jobs for its share of laid-off employees.

The city of Chandler, already home to chipmakers Intel, Motorola, and Microchip, will soon have another chip manufacturer. **AmaTech USA Inc.**, a subsidiary of AmaTech AG of Germany, will **open a 12,000-square-foot operation** at the Frye Road Industrial Park to build memory chips for credit, debit, and smart cards. The \$5 million facility is expected to **employ about 40 workers** by the **end of 2000** with an average salary of \$37,000.

### *Construction*

There may be a shortage of backhoes and shovels in **Mesa** by summer, as work begins on two major office projects **totaling nearly 400,000 square feet and a \$200 million master-planned community**. Two of the developments began in March — a 105,000-square-foot **Mesa Corporate Cen-**

**ter** near Southern Avenue and Alma School Road that will partly house an **Allstate Insurance back-office operation**; and **Village Square at Dana Park**, a multi-use project that will include condominiums, above-ground stores, a boutique hotel, office space, and upscale restaurants. **Opus West of Phoenix** will build the office center and Canadian-based **Triple Five Development** will develop Village Square at Dana Park. Finally, Scottsdale-based **Denali National Trust** will start work in June on a **20-acre, 280,000-square-foot office complex**. The project will consist of three, two-story buildings on a campus setting at the southwest corner of U.S. 60 and Stapely Drive. Let the dirt begin flying.

**Alter Group of Chicago** will start work in May on the first phase of a 1.4 million-square-foot office complex called **The Corridors at Interstate 17 and Pinnacle Peak Road**. The opening of the Anthem residential community and the planned USAA insurance campus, both several miles to the north, prompted the building of the speculative office space.

### *Transportation, Communications, and Public Utilities*

Phoenix-based **Belden Communications** and **Corella Electric Wire & Cable** are the beneficiaries of a **multimillion-dollar contract** to build wire and cable products for SBC Communications. The nation's largest local telephone company, SBC is expanding its digital and wireless operations throughout the United States. **Belden**, which produces the cable, expects to **add 250 people** to its workforce of 1,500; **Corella**, which makes the wire, is also expected to expand its operations, although no information is available on potential new jobs.

Due to the rapid growth of cable TV, telephone, and Internet services, **USWest and Cox Communications** will be filling at least **1,000 new positions** over the next couple of years in sales, installation, customer service, marketing, and computer operations. And with turnover factored in, the companies will actually need about 2,000 workers. The public's desire for wireless gadgets, digital TV channels, and Internet and in-home telephone services is driving the demand. To keep up with growth, **Cox** was expected to **break ground in March** on a new **26-acre campus** at Deer Valley Road and 19th Avenue in **north Phoenix**. The campus will **eventually be home to 1,500 employees** and have 237,000 square feet of office space. Expected completion is next January.

### *Finance, Insurance, and Real Estate*

More details have surfaced about the consolidation of **Prudential Corp.'s Real Estate and Relocation Services** division at the 733-acre Kierland multi-use development **in northeast Phoenix**. Work is now expected to begin within a few months on an 80,000-square-foot operations center on 42 acres near Scottsdale Road and Greenway Parkway. **Initially the center will employ 600**, but that

number is **expected to quadruple by late 2003**, according to officials with the Greater Phoenix Economic Council and the Arizona Department of Commerce.

National accounting firm **Arthur Andersen** expects to **hire more than 400 people** for a new **technology center** opening at **Papago Park Center in Tempe** this summer. Positions at the 65,000-square-foot facility at Priest Drive and Washington Street will include **accountants, computer technicians, and human resources and support staff**. The company is expanding because of a \$250 million contract with General Motors to perform functions such as accounts payable, payroll, and dealer billing. The center is expected to eventually **hire an additional 100 workers**.

The Phoenix metro area has call centers that service businesses in a wide assortment of industries — travel, banking, health care, insurance. But as of July it will be home to a customer-service facility of an e-commerce business.

**NextCard**, an Internet-operated credit-card company based in San Francisco, will open a **regional headquarters employing 700** near 40th and Van Buren streets to handle questions by telephone or e-mail from its 250,000 customers.

St. Louis-based **Edward Jones** plans to open its **first significant operation** outside of Missouri at **Arizona State University's Research Park in Tempe**. The three-building, 330,000-square-foot campus will **employ up to 1,000 people** in managerial, accounting, and information-technology jobs when it's completed in 2005. The first building will **open in the third quarter of 2001**.

Boston-based **MFS Investment Management**, the nation's oldest mutual fund company, will open its first regional headquarters outside of Boston at 24th and Peoria avenues in Phoenix in 2001, **creating about 1,000 jobs**. Customer-service workers will take calls from clients seeking account-related information.

**Paymentech**, a credit-card processing subsidiary of Banc One Corp. and First Data Corp., will open a **customer-service center in Tempe** employing about **50 workers**. Average starting salary for call-center employees will be around \$22,000, with higher pay for a number of supervisors and managers. Hiring will occur over the next several months.

### **Trade**

If the Phoenix metro area isn't the shopping capital of the world, it should be. **About 30 shopping centers opened in the Valley in 1999**, and **six centers are currently under construction** with more to come in 2000, according to Rein & Grosseohme Commercial Real Estate. In fact, Rein & Grosseohme predicts that 48 shopping centers encompassing 10 million square feet of space are in the planning stages. Among the **metro-area's biggest shopping projects in 2000** will be **Chandler Fashion Center**. The developer, **Westcor Shopping Centers** of Phoenix, **began construction in late April** with an **expected completion date of October 2001**. The **1.3 million-square-foot shopping center** on the southwest corner of Chandler

Boulevard and Loop 101 will **include anchor tenants Nordstrom, Robinsons-May, and Dillard's**. On opposite corners from the mall will be two "power centers" — **Chandler Festival and Chandler Gateway** — which will feature numerous "big box" retailers. And on 20 acres between Chandler Boulevard and the mall will be built **The Boulevard Shops**, which will feature 40 boutique-style stores and restaurants. Chandler Festival will open this fall, while the other two projects will open next year.

Layoffs are a foregone conclusion for Tempe-based **MicroAge Inc.**, which **filed for chapter 11 bankruptcy protection** in mid-April. About 2,600 of the computer distributor's 4,600 employees work in Arizona. MicroAge, which lost \$48 million in the first quarter of 2000, reported a loss for the sixth time in nine quarters. The company has been hurt by a trend by manufacturers to sell directly over the Internet, instead of selling through wholesalers.

### **Services**

A number of **Internet-related businesses are expanding** their operations in the Valley. **LeapSource**, a Web-based finance and accounting company, expects to **employ 125 people** at its new 15,000-square-foot offices at Hayden Square in **downtown Tempe**. ... San Diego-based **Stellcom**, which provides Internet solutions for companies, will **expand its workforce from five to 35** at its main office near Camelback Road and 32nd Street. ... **Qwest Communications** announced it will build a 100,000-square-foot Web-hosting operation in Phoenix as part of a \$5 billion deal with IBM to build 28 CyberCenters throughout the country. The centers will contain servers and other computer equipment to access Qwest's 25,000-mile fiber-optic network. The Phoenix-area center will open in about three years.

The **Ak-Chin Indian Community** is adding on a **144-room Harrah's resort** to its casino in the town of Maricopa, about 25 miles southwest of Chandler. The tribe expects to complete the \$18 million full-service hotel — which will include a restaurant, fitness center, a pool with a swim-up bar, ballroom, and meeting space — by mid-December. The resort, which may eventually include an 18-hole golf course, will be run by **Harrah's Entertainment**, as is the casino.

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### **Tucson Metro Area**

#### **Manufacturing**

A Taiwanese company that makes computer chassis and television cable boxes will **open its first U.S. operation in Tucson in April**. **Cheng Fwa Industrial Co.**, a precision-production metal company, will initially **employ 50 workers** in a 70,000-square-foot facility currently under construction at Century Park Research Center near the intersection of Kolb and Valencia roads. Cheng Fwa chose Tucson because it is close to one of its major clients, a

Motorola Co. maquiladora factory in Nogales, Mexico.

**Rain Bird Sprinkler Manufacturing Corp.** plans to **expand its Tucson operations by early fall** when it moves into a building formerly used by chainsaw manufacturer McCulloch Corp. The Glendora, Calif.-based company will use 105,000 square feet of a plant at Southpoint Industrial Park at South Kolb and East Valencia roads. Rain Bird, which has positions in manufacturing, engineering, marketing, and customer support in Tucson, hasn't announced the number of additional jobs that will be created by the expansion.

The **Pascua Yaqui Indian Tribe** announced a **joint venture** with **Advanced Ceramics Research, Inc.** in which the tribe will be majority owner of a **high-tech manufacturing plant**. About **25 employees** will be hired **initially**, with a **potential for 250 workers** in the future. The business will operate out of facilities near the Tucson International Airport until the plant is completed. Advanced Ceramics Research Inc. was founded in 1989 to develop and commercialize advanced ceramic composite materials for aerospace and defense applications.

### **Trade**

In mid February, the Tucson City Council gave **El Con Mall** approval to build a 125,000-square-foot **Home Depot** store, which is expected to **open by the end of 2000**. El Con officials had been unable to proceed with redeveloping the mall, which is 40 percent vacant, because of uncertainty over the city's policy to limit the building of big-box stores (e.g., Home Depot, Wal-Mart). The city also gave El Con the right to build a second big-box store, but no proposals have been made as of this time.

According to *Inside Tucson Business*, about **20 new major retail stores** are planned for the **Tucson metro area this year**. Projects in the works include **three Home Depot stores**, of which one is replacing an existing store; **three Albertson's supermarkets**; one **Bashas'** and one **Food City** grocery store, both owned by Bashas'; **four new locations** for both **Walgreen's** and **Oscor Drugs**; and **Best Buy** and **Costco** department stores.

## **Balance of State**

### **Manufacturing**

One of the nation's largest **producers of ice cream cones** opened a **63,000-square-foot manufacturing plant** near Flagstaff's Pulliam Airport in mid-March to service its West Coast customers. **Joy Cone Co.** of Hermitage, Pa., is **initially employing about 20 workers**, but **expects to hire three times as many people by the middle of 2001**.

### **Transportation, Communications, and Public Utilities**

As **Citizens Utilities** is **jettisoning its electric utility business in Arizona**, it is speeding up its growing telecommunications and Internet operations, which will mean **new customer-service jobs for the Kingman area**. The customer-owned co-op, which is selling off its Arizona electric, water- and sewage-treatment divisions to publicly-owned Cap Rock Energy Corp. of Midland, Texas, **expected to hire in April up to 100 workers** for new customer-service call center in Kingman. No information was available how the sale will affect Citizen's 70 utility employees in Mohave County.

### **Trade**

Close to **300 part- and full-time jobs** will be created by the **opening of three new Lake Havasu City restaurants** between late April and mid-May. **In & Out Burger** will hire **60 workers**, while **Del Taco** expects to employ **30 to 40 people**, and **Bob's Big Boy** says it needs **80 to 100 employees**.

### **Services**

**Direct Marketing Service (DMS)**, a national telemarketing company, was expected to **add 150 employees** in March when it moved into a new building at **Redondo Commerce Center** in Yuma. **AET**

## **NonMetro Job Growth Expected to Increase 2.7% Annually in 2000-2001**

(continued from page 8)

increasing by an estimated 120 to reach an average employment level of nearly 5,500 in 2001.

- Construction is expected to gain almost 1,500 jobs over the forecast period, representing average annual growth of 3.7 percent. The gain accounts for 8.5 percent

of the total nonfarm job growth anticipated for nonmetro Arizona. Most jobs will be created in special trades, with some growth expected in general building construction. Heavy construction (street and highway) employment is expected to remain at its 1999 level.

- Manufacturing employment is expected to remain steady during the forecast period, increasing by less than 400 to average just over 16,500 for 2001. Gains are ex-

pected in both durable- and non-durable-goods manufacturing. The strongest manufacturing growth is expected in primary and fabricated metals, and measurement sectors.

- Transportation, communications, and public utilities (TCPU) employment is expected to grow at an average annual rate of 3.7 percent for the two-year period, averaging roughly 14,000 by 2001. Most growth will be seen in trans-

(continued on back page)

## RA Expects State to Add 164,000 Jobs Over Forecast Period

(continued from page 11)

- portation, which RA expects to add almost 600 jobs. Communications and public utilities is projected to add 400 jobs.
- Trade employment is projected to increase by nearly 3,900 over the forecast period, with all but 600 of the gain coming from retail trade. The increases will bring employment levels for total trade and retail trade up to roughly 79,500 and 69,300, respectively, in 2001. All major areas of retail trade are expected to see continued job growth, with eating and drinking places (900) and food and kindred products (700) leading the way. Auto dealers and service stations, and general merchandise and apparel are projected to gain roughly 600 jobs and 500 jobs, respectively. The building and gardening sector is also expected to show continued growth.
  - Finance, insurance, and real estate (FIRE) employment is expected to remain fairly constant over the forecast period, with average annual growth of less than half of a percent. In 1999, employment in FIRE averaged 7,800, with the ma-

jority of that total attributed to the insurance industry.

- Services employment is expected to see the greatest increase over the forecast period, accounting for one-third of all nonfarm job growth projected for nonmetro Arizona. RA expects that services will add more than 5,600 jobs, which represents an average-annual growth rate of 3.8 percent. Job gains are projected for all major services sectors, with health services expected to experience the largest increase (1,400), followed by business services (1,100). Significant growth is also expected in hotels and other lodging places, as well as educational services.
- Government job gains are projected to total more than 4,100 over the forecast period, with nearly all jobs being created at the state and local level. Some of these government employment gains will come from Indian reservations. (Since 1995, Indian reservations have been classified under government employment, instead of services.) **AET**

—Don Wehbey, RA Economist;  
and Charlotte Armerding,  
RA Economic Analysis Assistant



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Research Administrator	Dan Anderson
Managing Editor	Ron Simon
Editor	Brent Fine
Publication Assistant	Debra Scott

The purpose of *Arizona Economic Trends* is to provide an update and analysis of state and county employment and economic data, as well as information on state and national programs and policies that affect the nation's and Arizona's labor markets. Included in this publication twice yearly are Research Administration's two-year projections of employment, unemployment, and labor force for Arizona and its major sub-state regions.

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